

April 29, 2003



Financial Management

Ordnance Accountability at Fleet
Combat Training Center Atlantic
(D-2003-084)

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of the
Department of Defense

Constitution of
the United States

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Article I, Section 9

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Acronyms

AMAR	Ammunition Management Accountability Reviews
CAIMS	Conventional Ammunition Integrated Management System
FCTCLANT	Fleet Combat Training Center Atlantic
OM&S	Operating Materials and Supplies
ROLMS	Retail Ordnance Logistics Management System



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

April 29, 2003

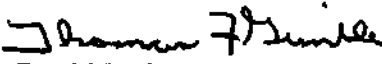
MEMORANDUM FOR NAVAL INSPECTOR GENERAL

SUBJECT: Report on Ordnance Accountability at Fleet Combat Training Center Atlantic
(Report No. D-2003-084)

We are providing this report for your information and use. We considered management comments on a draft of this report when preparing the final report.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the staff. Question should be directed to Mr. James L. Kornides at (614) 751-1400 ext. 211 or Mr. John K. Issel at (614) 751-1400 ext. 212. See Appendix B for the report distribution. The team members are listed inside the back cover.


David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General of the Department of Defense

Report No. D-2003-084

(Project No. D2001FJ-0179.002)

April 29, 2003

Ordnance Accountability at Fleet Combat Center Atlantic

Training

Executive Summary

Who Should Read This Report and Why? Navy officials and commanders responsible for accountability of ordnance assets should read this report. It discusses controls over ordnance inventory that are necessary for accurate reporting of financial, logistical, and operational data.

Background. The audit was performed in support of Public Law 101-576, the "Chief Financial Officers Act of 1990," November 15, 1990, as amended by Public Law 103-356, the "Federal Financial Management Act of 1994," October 13, 1994. This report is the third report in a series resulting from our audit of the financial reporting of operating materials and supplies. The first report discusses the Naval Air System Command's financial reporting of non-ordnance operating materials and supplies. The second report discusses Navy efforts to improve the financial reporting of its conventional ordnance portion of operating materials and supplies and its conventional ordnance information system. This report addresses the accountability of ordnance assets at the Fleet Combat Training Center Atlantic, which was one of the sites selected for review as part of our Navy-wide statistical sample of Navy ordnance storage facilities.

Results. A review of 20 Fleet Combat Training Center Atlantic ordnance inventory records found 13 to be inaccurate. This occurred because personnel at Fleet Combat Training Center Atlantic did not perform annual physical inventories, magazine-to-record reviews, and periodic record-to-record reconciliation. As a result, Fleet Combat Training Center Atlantic ordnance data reported as part of the Navy financial statements and in logistic and operational systems databases were unreliable. To correct the reported problems, the Commander, Fleet Combat Training Center Atlantic should request that the Naval Ammunition Logistics Center personnel perform an Ammunition Management Accountability Review to ensure that inventory accountability policies are met. The Commander should also conduct physical inventories, perform magazine-to-record location surveys, and conduct periodic reconciliation of local property records to the Navy master property record. See the Finding section of this report for detailed recommendations.

Management Comments. The Commander, Fleet Combat Training Center Atlantic, concurred with the finding and recommendations. He stated that there was an oversight concerning the accountability of inert ordnance and that an Ammunition Management Accountability Review has been scheduled and will be performed by April 18, 2003. He further stated that physical inventories and periodic reconciliations of property records were performed as of February 13, 2003, and will be conducted semi-annually to ensure that inventory accuracy is maintained. See the Finding section for a summary of management comments and the Management Comments section for the complete text of those comments.

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Background

The audit was performed in support of Public Law 101-576, the “Chief Financial Officers Act of 1990,” November 15, 1990, as amended by Public Law 103-356, the “Federal Financial Management Act of 1994,” October 13, 1994.

This report is the third in a series resulting from our audit of the financial reporting of operating material and supplies (OM&S). The first report discusses the Naval Air System Command’s financial reporting of non-ordnance OM&S. The second report discusses Navy efforts to improve the financial reporting of its conventional ordnance portion of OM&S and its conventional ordnance information system. This report addresses the accountability of ammunition at the Fleet Combat Training Center Atlantic (FCTCLANT).

Ordnance inventory is a Chief of Naval Operations special interest item, and the General Accounting Office considers control over inventory a high-risk area. Improved financial management by linking operational and financial systems to produce accurate and timely information is one of the management initiatives President Bush has emphasized.

The Department of the Navy conventional ordnance inventory is distributed among activities within the United States, as well as overseas and on board ships. The Navy reported \$35.6 billion of conventional ordnance in FY 2002. The inventory is made up of all expendable elements of Navy weapons, including precision guided missiles, torpedoes, mines and depth charges, small arms, bombs, rockets, and sonobuoys. Inert ordnance (that is, not capable of exploding) is included in Navy conventional ordnance reports.

Fleet Combat Training Center Atlantic. We statistically selected FCTCLANT for review to determine the accuracy of Navy ordnance information used in the Navy’s financial statements. FCTCLANT is a subordinate command of the Chief of Naval Education and Training. FCTCLANT provides training to sailors in specified combat systems such as the Tomahawk and Sparrow missiles, the 50-caliber Machine Gun, and Mark 75 3-inch Gun. In order to train sailors on these weapon systems, FCTCLANT must have ordnance (rockets, bullets, and shells) to demonstrate how to load the weapon system. As of October 1, 2002, the Navy master ordnance database showed that FCTCLANT maintained 53 types of ordnance items valued at more than \$417,000. All of the FCTCLANT ordnance assets we reviewed were classified as inert and were primarily used for training. We randomly sampled 20 of the 53 ordnance items valued at more than \$210,000.

Objective

The overall objective of the audit was to evaluate management assertions pertaining to valuation, completeness, and existence of DoD OM&S accounts and to determine whether these accounts were presented fairly on the financial statements in accordance with Office of Management and Budget requirements.

We focused this part of the audit on accessing the Navy's FCTCLANT accountability of ordnance assets. We also assessed management controls related to the audit objective. See appendix A for a discussion of the scope, methodology, and management control program review.

Ordnance Inventory Management

A review 20 FCTCLANT ordnance inventory records found 13 to be inaccurate. This occurred because FCTCLANT personnel did not perform annual physical inventories, magazine-to-record reviews, and periodic record-to-record reconciliation. As a result, FCTCLANT ordnance data reported as part of the Navy logistical records and financial statements were unreliable.

Ordnance Accountability

Ordnance Accountability Policy. Chief of Naval Operations Instruction 8015.2A, “Conventional Ordnance Inventory Accountability,” May 15, 2001, provides policies regarding accountability for conventional ordnance inventory. This instruction applies to material in any condition held in the Navy inventory records or in contracted custody and classified ordnance. This would include inert ordnance, which are items that will not explode. The policy also provides that inventory accountability is a fundamental responsibility of any command. Accordingly, staffing and funding for inventory accountability functions are required by each command. Responsibilities include, but are not limited to, conducting physical inventories annually, performing periodic magazine-to-record location surveys, and reconciling local property records to the Navy master property record.

Ordnance Accountability Assessments. The Navy performs routine ordnance accountability assessments to evaluate procedural compliance in ordnance asset management. An Ammunition Management Accountability Review (AMAR) is an example of one of these assessments. AMARs are performed by the Naval Ammunition Logistics Center and are not automatically scheduled. Major claimants, type commanders, regional commanders, or commanding officers must request that AMARs be performed. AMARs are performed to compare what is in a station’s magazine to local records and to compare local records to the Navy’s master ordnance database.

Ordnance Accuracy

FCTCLANT inventory records were inaccurate for the items we tested. For the 53 types of ordnance items listed in the Navy master ordnance database, we statistically selected 15 items and found that 10 of the items were unsupported. The records were either overstated, or assets were not recorded in the local ordnance records. In addition to the 15 sample items, we judgmentally selected five ordnance items as part of our magazine-to-record check and found three of the items were not recorded in the ordnance records. The deficiencies were not detected by FCTCLANT personnel because they did not perform annual physical inventories, magazine-to-record reviews, and record-to-record reconciliation to ensure inventory accuracy.

Annual Physical Inventories. No evidence was available to show that FCTCLANT was performing annual physical counts of its ordnance. Chief of Naval Operations Instruction 8015.2A policy requires that physical counts of ordnance in storage at Navy stock points be performed for the purpose of verifying the balance reflected in the accountable records. Specifically, this policy requires commands to conduct 100 percent physical inventory counts annually or use an annual statistical estimation sampling process that provides reasonable assurance that the property accountability records are accurate with a 95 percent level of confidence. FCTCLANT could not provide any support to demonstrate that these physical inventories were performed as far back as 1997.

In July 2002, upon notification of our audit and submission of our proposed sample items, FCTCLANT personnel performed a wall-to-wall physical count of all of its ordnance. Several errors were identified and corrected by FCTCLANT personnel including two items in our sample. The errors were for two different types of 76 millimeter Dummy Cartridges. FCTCLANT adjusted inventory balances to recognize a loss of inventory because they did not locate all the assets that were cited in the local property records, which is the Retail Ordnance Logistics Management System (ROLMS). Not only did personnel find overstatements in those items, they also identified understatements in other items not in our sample. During the audit, FCTCLANT established an inventory accountability officer to address these concerns and felt that the problems could be resolved quickly because of the small quantity of ordnance it manages.

Magazines-to-Record Reviews. There was also evidence that FCTCLANT did not perform periodic magazine-to-record reviews. Even though FCTCLANT performed a wall-to-wall inventory before our arrival, we found errors while performing magazine-to-record reviews. Magazine-to-record reviews are a comparison of a physical inventory of items in a storage location against an activity's accountable record. We performed magazines-to-record reviews to test the accuracy of the accountable records for five ordnance items and found that only two were recorded. All Naval activities are required to perform periodic magazine-to-record reviews as part of its annual wall-to-wall inventory or when random sampling reviews occur.

Record-to-Record Reconciliation. In addition to not performing annual physical inventories and magazine-to-record reviews, FCTCLANT was not performing periodic record-to-record reviews. We identified eight items that were inaccurate but not detected by FCTCLANT because it did not reconcile ordnance records.

The Chief of Naval Operations Instruction 8015.2A requires that periodic reconciliation of ordnance records be performed to ensure that local accountable records match the Navy's master ordnance database. To account, manage, and report logistics information for ordnance inventory, the Navy uses two automated information systems: The Conventional Ammunition Integrated Management System (CAIMS) and ROLMS.

CAIMS is the Navy's master ordnance database and is the total item property record within the Navy. CAIMS provides the complete range of data supporting requirements determination, ordnance acquisition logistics, and operational logistics. ROLMS is the Navy's local accountable record. All Naval activities are required to use ROLMS to report to CAIMS as the official station accountability record for ordnance assets. ROLMS has been in operation at FCTCLANT since the end of FY 1998. Once ROLMS was in operation at FCTCLANT, the command should have performed a reconciliation of the new data loaded into ROLMS to that of what was in CAIMS as provided from the previous system used by FCTCLANT. FCTCLANT could not provide any support to show that this was performed since ROLMS began operation or that there were periodic reconciliations thereafter.

We asked the Commander of FCTCLANT why had he not placed emphasis on ordnance inventory management to assure reliability of inventory data. He stated that he was unaware that inert ordnance was subject to such controls.

The following table lists the 20 items we sampled for review and provides the results of our audit for each item.

FCTCLANT Sample Items Reviewed				
<u>Description</u>	<u>NIIN¹</u>	<u>Record Balance</u>	<u>Auditor Count</u>	<u>Over/ (Short)</u>
Sill Lift Adapter	012621148	0	1	1
76mm Cartridge	011269911	4	3	(1)
76mm Cartridge	010623557	10	9	(1)
Wing Assembly	012747143	3	8	5
MK13 Canister	012082476	0	1	1
Simulator	011738451	3	0	(3)
Projectile 5' 54 cal	004803389	6	6	0
Propelling Charge	010559974	10	10	0
50mm Cartridge	000286384	240	240	0
Adapter Complex sill	012641899	0	2	2
25mm Cartridge	012095914	148	148	0
Cell Cover	012207734	0	1	1
Guide Cell	012621146	0	1	1
40mm Cartridge	011546525	20	20	0
MK-50	012621145	0	1	1
Test Case	006092381	0	1	1
Launch Canister	012686953	0	1	1
5' 54 cal Cartridge	011035123	4	4	0
Launch Canister	012686952	0	1	1
9mm Cartridge	012068357	100	100	0

¹ The NIIN is the last nine digits of the thirteen digit national stock number.

All of the items listed in the table were inert ordnance items, which do not explode. However, proper control is imperative because some items at the FCTCLANT can be put into service. To illustrate, on January 30, 2002, FCTCLANT sent 40mm cartridges to the Fleet because the ordnance was needed for a Fleet exercise. Although FCTCLANT had adequate control over this item, inadequate control over similar types of assets could lead to a loss of visibility over the ordnance and could hinder operations should the items be needed.

Effect of Ordnance Inventory Inaccuracy

Navy ordnance accuracy is crucial because it is the basis for ordnance positioning, Fleet support, and readiness. In our review of 20 FCTCLANT ordnance inventory records (15 statistically and 5 judgmentally), we found 13 items to be inaccurate (10 statistically and 3 judgmentally) because inert ordnance accountability was not a priority. FCTCLANT should request the services of the Naval Ammunition Logistics Center to perform an AMAR because it is essential that inventory accuracy and control processes are effectively and diligently employed to achieve ordnance inventory accountability. Until these issues are resolved, FCTCLANT ordnance data reported as part of the Navy financial statements will continue to be unreliable.

Recommendations and Management Comments

We recommend the Commander, Fleet Combat Training Center Atlantic:

1. Request that the Naval Ammunition Logistics Center perform an Ammunition Management Accountability Review to ensure that inventory accountability policies are met.

Navy Comments. Commander, Fleet Combat Training Center Atlantic concurred. FCTCLANT has coordinated with the Naval Ammunition Logistics Center for an Ammunition Management Accountability Review to be performed by April 18, 2003.

2. Conduct physical inventories annually, perform periodic magazine-to-record location surveys, and periodic reconciliation of local property records to Navy master property record as required by Navy ordnance policy.

Navy Comments. Commander, Fleet Combat Training Center Atlantic concurred. Physical inventories and periodic reconciliation of property records were last completed on February 13, 2003. The Commander, FCTCLANT has directed that these inventories be conducted semi-annually to ensure inventory accuracy is maintained.

Appendix A. Scope and Methodology

We reviewed information related to the Navy financial reporting of ordnance assets. We examined financial information related to \$35.6 billion of Navy conventional ammunition, which was on record at the beginning of FY 2002. We also made inquiries of personnel from the Offices of the Chief of Naval Operations, Naval Ammunition Logistics Center, and FCTCLANT to determine the processes and policies that the Navy used to report ordnance. We included tests of management controls considered necessary.

Information in CAIMS showed that FCTCLANT maintained 53 ordnance-related items valued at more than \$417,000. We sampled 20 of the 53 ordnance-related items valued at more than \$210,000. We conducted physical inventories, performed magazine-to-record location reviews, and reconciled local property records to the Navy master property record.

We performed this audit from July 2002 through October 2002 in accordance with generally accepted government auditing standards.

Use of Computer-Processed Data. We relied on computer-processed data from CAIMS and ROLMS to determine if the FY 2002 ordnance balances for FCTCLANT were accurate. Although we did not perform a formal reliability assessment of the computer-processed data, the results of data tests showed an error rate that cast doubt on the data validity. However, we did not find errors that would preclude use of computer-processed data to meet the audit objectives or that would change the conclusions in this report.

General Accounting Office High-Risk Area. The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the Defense Inventory Management high-risk area.

Management Control Program Review

DoD Directive 5010.38, "Management Control (MC) Program," August 26, 1996, and DoD Instruction 5010.40, "Management Control (MC) Program Procedures," August 28, 1996, require DoD Components to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of Review of the Management Control Program. We attempted to review the adequacy of Navy management controls over OM&S. Specifically, we wanted to review the FCTCLANT self-evaluation of control over the collection and reporting of information on the amount of ammunition and other ordnance assets reported in OM&S.

Adequacy of Management Controls. We identified material management control weaknesses for the Navy as identified in DoD Instruction 5010.40. FCTCLANT management controls were not adequate to ensure that they complied with the Chief of Naval Operations Instruction 8015.2A, “Conventional Ordnance Inventory Accountability,” May 15, 2001, to correctly capture and report ordnance. All recommendations in the report, if implemented, will correct the weaknesses. A copy of the report will be provided to senior officials within the Navy responsible for management control.

Adequacy of Management’s Self Evaluation. Management’s self-evaluation was not provided. FCTCLANT did not identify compliance with Navy inventory policy as an assessable unit, and therefore, did not identify or report the material management control weaknesses identified during the audit.

Prior Coverage

The General Accounting Office, the Inspector General of the Department of Defense, and the Naval Audit Service have conducted multiple reviews related to Navy financial statement issues. General Accounting Office reports may be accessed on the Internet at <http://www.gao.gov>. Inspector General of the Department of Defense reports may be accessed on the Internet at <http://www.dodig.osd.mil/audit/reports>. Naval Audit Service reports may be accessed on the Internet at <http://www.hq.navy.mil/NavalAudit>.

Appendix B. Report Distribution

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Department of the Army

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Department of the Navy

Assistant Secretary of Navy (Financial Management and Comptroller)
Naval Inspector General
Auditor General, Department of the Navy
Commander, Chief of Naval Education and Training
Commander, Naval Ammunition Logistics Center
Commander, Fleet Combat Training Center Atlantic

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House Committee on Appropriations

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House Committee on Armed Services

House Committee on Government Reform

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House Subcommittee on National Security, Emerging Threats, and International Relations, Committee on Government Reform

House Subcommittee on Technology Information Policy, Intergovernmental Relations, and the Census, Committee on Government Reform

Department of the Navy Comments



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

MAR 11 2003

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

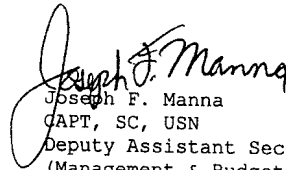
Subj: REPORT ON ORDNANCE ACCOUNTABILITY AT FLEET COMBAT
TRAINING CENTER ATLANTIC (PROJECT NO. D2001FJ-0179.002)

Ref: (a) DODIG Draft Report: Ordnance Accountability at Fleet
Combat Training Center Atlantic (D2001FJ-0179.002)

Encl: (1) CNET ltr 7500 Ser N00GR0024 of 5 Mar 03

In response to reference (a), enclosure (1) provides the
recommendations and proposed actions taken by the Commander,
Fleet Combat Training Center Atlantic in response to the subject
DODIG Draft Report.

Questions concerning this letter should be directed to
CAPT Michael Ahern who can be reached at (703) 697-2018.


Joseph F. Manna
CAPT, SC, USN
Deputy Assistant Secretary of the Navy
(Management & Budget) (acting)

CC:
NAVIG
CNET
NPDC
FCTCLANT



DEPARTMENT OF THE NAVY
CHIEF OF NAVAL EDUCATION AND TRAINING
250 DALLAS ST
PENSACOLA FLORIDA 32508-5220

7500
Ser N00GR0024
05 MAR 2003

From: Chief of Naval Education and Training
To: Assistant Secretary of the Navy, Research Development and Acquisition

Subj: RESPONSE TO DODIG DRAFT OF PROPOSED REPORT, ORDNANCE
ACCOUNTABILITY AT FLEET COMBAT TRAINING CENTER ATLANTIC,
PROJECT NO. D2001FJ-0179.002

Ref: (a) Subject report
(b) Navy IG email of 30 Jan 03

Encl: (1) NPDC ltr 5040 Ser N00G/004 of 5 Mar 03

1. As requested by references (a) and (b), enclosure (1) forwards the response to the recommendations of the subject report. The action Fleet Combat Training Center Atlantic is taking should correct the weaknesses DODIG identified.

2. The CNET audit liaison for this project is CNET N00GR, Mr. Charlie Gimbel, DSN 922-2867 or 850-452-4867.

Christopher P. Schnedar
CHRISTOPHER P. SCHNEDAR
By direction

Copy to:
FCTCLANT
NPDC



DEPARTMENT OF THE NAVY
NAVAL PERSONNEL DEVELOPMENT COMMAND
9549 BAINBRIDGE AVENUE
NORFOLK VIRGINIA 23511-2595

5040 IN REPLY REFER TO
Ser N00G/004
5 Mar 2003

From: Commander, Naval Personnel Development Command
To: Chief of Naval Education and Training

Subj: RESPONSE TO DODIG DRAFT OF PROPOSED REPORT, ORDNANCE
ACCOUNTABILITY AT FLEET COMBAT TRAINING CENTER ATLANTIC,
PROJECT NO. D2001FJ-0179.002

Ref: (a) Draft DODIG Report for Project DODIG Project
D2001FJ-0179.002

Encl: (1) FCTCLANT ltr 8000 Ser 00/0103 of 28 Feb 03

1. Per reference (a), enclosure (1) which lists the recommendations and actions taken on the recommendations is forwarded for your information and action.
2. NPDC point of contact is Ms. Anita. V. Stolfi,
DSN 565-7353 Ext 1282 or 757-445-7353 Ext 1282.

Anita V. Stolfi
ANITA V. STOLFI
By direction

Copy to:
CO, FCTCLANT (w/o encl 1)

FOR OFFICIAL USE ONLY

Encl (1)



FLEET COMBAT TRAINING CENTER ATLANTIC
1912 REGULUS AVENUE
VIRGINIA BEACH, VIRGINIA 23461-2008

IN REPLY REFER TO:

8000

Ser 00/ 0103

28 FEB 2003

From: Commanding Officer, Fleet Combat Training Center Atlantic
To: Assistant Secretary of the Navy, Research Development and Acquisition

- (1) Office of the Naval Inspector General
- (2) Commander, Naval Education and Training Command
- (3) Commander, Naval Personnel Development Command

Subj: RESPONSE TO DODIG DRAFT OF PROPOSED REPORT, ORDNANCE
ACCOUNTABILITY AT FLEET COMBAT TRAINING CENTER ATLANTIC,
PROJECT NO. D2001FJ-0179.002

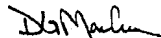
- (a) Draft DODIG Report for Project DODIG Project
D2001FJ-0179.002

Encl: 1 Summary of Recommendations and Actions Taken for
DODIG Project D2001FJ-0179.002

1. Per reference (a), enclosure (1) is forwarded listing the recommendations and the status of actions taken on those recommendations.

2. It should be noted that Fleet Combat Training Center Atlantic, as a result of the recommendations cited in reference (a), has identified and accounted for an additional \$30K of additional inert ordnance that had been previously undocumented or accounted for in any property records.

3. This command recognizes that its oversight of inert ordnance did not meet the requirements of higher authority. It is strongly believed that there is a misconception, fleet-wide, that inert ordnance is to be held to the same accountability standards as conventional (live) ordnance. As a result of this audit, ordnance topics presented during all weapons and ammunition accounting curriculums at Fleet Combat Training Center Atlantic now stress that inert ordnance is to be controlled and accounted for to the same standards as conventional ordnance.


D. G. MACCREA

ENCL(1)

**RESPONSE TO DODIG DRAFT OF PROPOSED REPORT, "ORDNANCE
ACCOUNTABILITY AT FLEET COMBAT TRAINING CENTER ATLANTIC"
PROJECT No. D2001FJ-0179.002**

1. **RECOMMENDATION 1.** "That the Commander, Fleet Combat Training Center Atlantic request that the Naval Ammunition Logistics Center perform an Ammunition Management Accountability Review to ensure that inventory accountability policies are met."

**Commanding Officer, Fleet Combat Training Center Atlantic
Comments to Recommendation 1:**

Agree. The Naval Ammunition Logistics Center has agreed to and is tentatively scheduled to complete an Ammunition Management Accountability Review no later than April 18, 2003.

2. **RECOMMENDATION 2.** "That the Commander, Fleet Combat Training Center Atlantic conduct physical inventories annually, perform periodic magazine-to-record location surveys, and periodic reconciliation of local property records to Navy master property record as required by Navy ordnance policy."

**Commanding Officer, Fleet Combat Training Center Atlantic
Comments to Recommendation 2.**

Agree. Complete physical inventories were completed on August 27, 2002 and again on February 13, 2003. Magazine to record location surveys and periodic reconciliation of property records were last completed on February 13, 2003. Commanding Officer, Fleet Combat Training Center Atlantic has directed that these inventories be conducted semi-annually to ensure inventory accuracy is maintained.

Enclosure (1)

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